

# RICHMONT

## PRESS RELEASE FOR IMMEDIATE RELEASE

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### TRADING STATEMENT FOR THE QUARTER ENDED 31 DECEMBER 2006

Richemont, the Swiss luxury goods group, announces that its sales in the quarter ended 31 December 2006 increased by 10 per cent at actual exchange rates compared to the prior year.

At constant exchange rates, sales increased by 15 per cent.

#### Percentage change in sales by business segment for the three-month period

	<u>At constant exchange rates</u>	<u>At actual exchange rates</u>
Jewellery Maisons	+ 13 %	+ 8 %
Specialist watchmakers	+ 17 %	+ 13 %
Writing instrument Maisons	+ 17 %	+ 13 %
Leather and accessories Maisons	+ 5 %	+ 1 %
Other businesses	+ 35 %	+ 29 %
<b>Total sales</b>	<b>+ 15 %</b>	<b>+ 10 %</b>

The Group's sales for the important third quarter trading season increased by 10 per cent despite more challenging comparative figures and the further weakening of both the dollar and yen against the euro during the period. The performance reflected strong underlying demand, with nearly all Maisons enjoying double-digit growth in sales at constant exchange rates; retail sales in December showed excellent growth.

#### **Jewellery Maisons**

The jewellery Maisons – Cartier and Van Cleef & Arpels – both reported double-digit growth in underlying sales during the quarter. At actual exchange rates, however, growth was limited to 8 per cent for the quarter. Both Maisons reported excellent growth in the Asia-Pacific region and in the United States.

#### **Specialist watchmakers**

All of the Group's specialist watchmakers reported underlying double-digit sales growth. Panerai, A. Lange & Söhne, IWC and Jaeger-LeCoultre reported the strongest growth during the three-month period.

#### **Writing instrument Maisons**

Montblanc reported excellent sales, supported by the Maison's centenary products. The

ladies' jewellery lines launched last year contributed to the growth in sales, as did the expansion of Montblanc's retail network.

#### **Leather and accessories Maisons**

Alfred Dunhill reported double-digit sales growth in key Asian markets, aided by the integration of retail activities in China. Sales growth in Japan, however, was modest. Overall sales at actual rates were in line with the prior year. At Lancel, sales grew by 3 per cent in the quarter.

#### **Other businesses**

Sales at Chloé increased by 60 per cent during the period. The slower rate of growth compared to the first six months reflected the outstanding rate of growth during the comparative three-month period.

#### **Nine months sales**

Cumulative sales for the nine-month period to 31 December 2006 increased by 13 per cent at actual exchange rates to € 3 855 million. At constant exchange rates, sales increased by 17 per cent. Details of the nine-month sales trends by segment and geographic region are given as an appendix to this announcement.

## Percentage change in sales by geographic region for the three-month period

	<u>At constant exchange rates</u>	<u>At actual exchange rates</u>
Europe	+ 14 %	+ 13 %
Asia-Pacific	+ 19 %	+ 13 %
Americas	+ 18 %	+ 11 %
Japan	+ 6 %	- 2 %
<b>Total sales</b>	<b>+ 15 %</b>	<b>+ 10 %</b>

### Europe

The third quarter of the year saw a slower rate of sales growth compared to the 18 per cent reported during the first six months. This was in part due to lower growth in wholesale sales. The Maisons maintained double-digit growth overall and sales in newer markets such as Russia continued to grow strongly.

### Asia-Pacific

The outstanding performance in the region seen during the first half of the year was maintained during the third quarter. The development of the market in mainland China, the second largest market in the region, contributed significantly to this growth.

### Americas

At constant rates, sales in the Americas also continued to grow at a high rate during the quarter, in line with the first six months. At actual exchange rates, sales grew at 11 per cent, reflecting the further weakening of the dollar

against the euro during the period. Consumer confidence and demand for the Group's products remained at high levels with Cartier and Van Cleef & Arpels both delivering excellent performances.

### Japan

The 6 per cent growth in local currency sales in Japan was more than offset by the further, marked weakening of the yen during December. Although the excellent performance seen in the same period last year set a very tough basis for comparison for the jewellery Maisons, the Group's underlying sales continued to grow, with excellent performances by the specialist watchmakers and Montblanc.

### Sales by distribution channel

During the period, the Group's retail sales increased by 14 per cent at actual exchange rates. Wholesale sales increased by 7 per cent.

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Richemont owns a portfolio of leading international brands or 'Maisons', which are managed independently of one another, recognising their individuality and uniqueness. The businesses operate in five areas: **Jewellery Maisons**, being Cartier and Van Cleef & Arpels; **Specialist watchmakers**, which is made up of Jaeger-LeCoultre, Piaget, IWC, Baume & Mercier, Vacheron Constantin, Officine Panerai and A. Lange & Söhne; **Writing instrument Maisons** - Montblanc and Montegrappa; **Leather and accessories Maisons**, being Alfred Dunhill and Lancel; and **Other businesses**, which includes, specifically, Chloé as well as other smaller Maisons and watch component manufacturing activities for third parties.

In addition to its luxury goods business, Richemont holds an 18.9 per cent interest in British American Tobacco.

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## Appendix 1 – Movement in sales for the nine-month period ended 31 December 2006

### Percentage change in sales by business segment

	<u>At constant exchange rates</u>	<u>At actual exchange rates</u>
Jewellery Maisons	+ 14 %	+ 11 %
Specialist watchmakers	+ 16 %	+ 14 %
Writing instrument Maisons	+ 21 %	+ 19 %
Leather and accessories Maisons	+ 9 %	+ 6 %
Other businesses	+ 44 %	+ 40 %
<b>Total sales</b>	<b>+ 17 %</b>	<b>+ 13 %</b>

### Percentage change in sales by geographic region

	<u>At constant exchange rates</u>	<u>At actual exchange rates</u>
Europe	+ 17 %	+ 16 %
Asia-Pacific	+ 19 %	+ 16 %
Americas	+ 19 %	+ 14 %
Japan	+ 11 %	+ 3 %
<b>Total sales</b>	<b>+ 17 %</b>	<b>+ 13 %</b>

## Appendix 2 – Exchange rates

<b>Exchange rates against the euro</b>	<b>6 months to 30 Sept 2006</b>	<b>6 months to 30 Sept 2005</b>	<b>9 months to 31 Dec 2006</b>	<b>9 months to 31 Dec 2005</b>
<b>Average</b>				
United States dollar	<b>1.27</b>	1.24	<b>1.27</b>	1.22
Japanese yen	<b>145.93</b>	135.48	<b>147.85</b>	136.75
Swiss franc	<b>1.57</b>	1.55	<b>1.58</b>	1.55
Pound sterling	<b>0.68</b>	0.68	<b>0.68</b>	0.68

The reported sales growth for the three months ended 31 December is derived from the difference between the cumulative sales for the nine-month period to 31 December and those reported for the six-month period to 30 September in each year. Sales have been translated into euros at the average exchange rates for each period as set out above.

In terms of sales at constant exchange rates, average exchange rates for the year ended 31 March 2006 are used to convert local currency sales into euros for both the current and for the comparative periods. Exchange rate translation effects are thereby eliminated from the reported sales performance.